GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:1152
ANSWERED ON:12.12.2013
INVESTMENT IN MICRO FINANCE INSTITUTIONS BY PSUS
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Government has any proposal for Public Sector Undertakings (PSUs) to invest in private Micro Finance Institutions (MFIs);

(b) if so, the details thereof, along with the reasons therefor; and

(c) the present status thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a) to (c) Ministry of Finance, Department of Financial Services created India Micro finance Equity Fund (IMEF) with initial corpus of Rs.100 crore with Small Industries Development Bank of India (SIDBI) focusing on smaller socially oriented Micro Finance Institutions (MFIs) with the objective of poverty alleviation and achieving long term sustainability of operations in unserved and underserved parts of the country. The fund is utilized for extending equity, quasi equity or subordinated debt to Tier II (between 50,000 to 2,50,000 borrowers) and Tier III (less than 50,000 borrowers) MFIs. Government announced inter-alia allocation of Rs.100 crore to the IME Fund in the Budget 2013-14 and to provide another sum of Rs.100 crore to the fund enhancing the fund corpus to Rs.300 crore. As on date, SIDBI has sanctioned Rs.104.25 crore and disbursed Rs.79.25 crore. Further Rs.100 crore has been disbursed to SIDBI for 2013-14.